

Message Text

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62

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

SCEM-02 INT-08 AID-20 COME-00 TRSE-00 OMB-01 CIEP-02

RSR-01 /127 W

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P 292002 Z MAY 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 012

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EO 11652: NA

TAGS: ENRG VE

SUBJECT: PETROLEUM LOCAL MARKETING BILL APPROVED

1. VENEZUELAN CONGRESS APPROVED LAST NIGHT PETROLEUM LOCAL MARKETING BILL UNDER WHICH STATE OIL COMPANY (CVP) WILL TAKE OVER ALL LOCAL MARKETING OF PETROLEUM PRODUCTS IN VENEZUELA OVER A FOUR- YEAR PERIOD. MOST GASOLINE STATIONS, WHICH OPERATED BY CONCESSIONAIRES, WILL BE UNAFFECTED EXCEPT THAT THEY WILL RECEIVE SUPPLIES FROM CVP RATHER THAN FROM CREOLE, MOBILE, ETC. OIL COMPANY- OWNED STATIONS WILL BE TAKEN OVER AND COMPENSATION WILL BE PAID. AS CVP' S GASOLINE PRODUCTION CAPACITY IS INSUFFICIENT TO SERVE ITS CURRENT MARKETING NETWORK, MOST OF GASOLINE NEEDED FOR LOCAL MARKET WILL CONTINUE TO BE SUPPLIED BY REFINERIES OF MAJOR OIL COMPANIES. THUS, MAIN EFFECT OF BILL IS THAT CVP WILL TAKE OVER WHOLE- SALE DISTRIBUTION, AND SIGNS AND TRADEMARKS OF FOREIGN OIL COMPANIES WILL DISAPPEAR FROM VENEZUELAN STREETS AND ROADWAYS.

2. COMMENT: LOCAL MARKET FOR GASOLINE REPRESENTS ONLY
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A SMALL PORTION (LESS THAN 100,000 BARRELS PER DAY)
OF OIL COMPANIES' OVERALL BUSINESS HERE (3 .2 MILLION)
BARRELS PER DAY. NATURALLY, COMPANIES WILL BE SORRY TO
LOSE EVEN THIS SMALL PORTION OF THEIR BUSINESS BUT THIS
LEGISLATION HAS BEEN PENDING FOR TWO YEARS NOW AND
COMPANIES HAVE BEEN MORE OR LESS RESIGNED TO ITS ENACT-
MENT. SOME SERVICE STATION OWNERS, WORKERS, AND
EMPLOYEES OF OIL COMPANY MARKETING DEPARTMENTS HAVE
PUBLICLY OPPOSED THE BILL AND WILL GREATLY REGRET
ITS PASSAGE AS WILL SOME MEMBERS OF PUBLIC WHO WOULD
PREFER AVOID CREATING MONOPOLY OF RETAIL GASOLINE
MARKETING.
DEVINE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA04576
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730557/aaaakavg.tel
Line Count: 76
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by smithrj>; APPROVED <26 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 980317
Subject: PETROLEUM LOCAL MARKETING BILL APPROVED
TAGS: ENRG, VE
To: ARA
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005